



## **Alabama Department of Economic And Community Affairs**

FOB JAMES, JR.  
GOVERNOR

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### **ALABAMA CDBG INTERGOVERNMENTAL POLICY LETTER NUMBER 21**

TO: Persons Interested in State  
CDBG Program

FROM: Edwin I. Gardner  
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Development Division

#### **CLARIFICATION OF POLICY ON CONSTRUCTION CONTRACTING**

After careful review the State has determined that a construction contract bid for both labor and materials, wherein a unit of government purchases the materials from a vendor selected by the contractor and wherein the construction contractor only invoices a unit of government for labor, is not consistent with the Common Rule. Consequently, effective this date, a contract awarded using this procedure will result in disallowed costs.

The State will continue to consider solely material bids to be acceptable. Further, materials and labor can be bid together as well as separately.